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SUBJECT: JERUSALEM MEDIA REACTION (03/27): PALESTINIANS SEE U.S.
"UNEASE" WITH NETANYAHU'S GOVERNMENT

Main Stories:

Al Quds leads with Israeli confirmation that a senior Egyptian official visited Israel on March 25 to discuss the prisoner exchange deal between Hamas and Israel. The report, that appears on all front pages, claims that Israel has dropped some of its demands regarding the names of prisoners to be released in exchange for Israeli soldier Shalit. Papers note that Hamas remains firm in its demand that each prisoner be free to accept or reject Israel's demand for deportation outside of the Palestinian Territories. Al Ayyam and Al Hayat Al Jadida lead with wire stories about foreign jet fighters striking a convoy allegedly carrying arms for Hamas through Sudan in mid-January. The report that also appears on Al Quds' front page, reveals that the convoy was attempting to cross over to Egyptian dessert and then into Gaza. Al Ayyam notes indications of U.S. and Israeli involvement in the attack, a fact that could increase tensions between Sudan and the West. Al Ayyam further quotes Israeli Premier Olmert denying Israeli involvement but asserting that Israel has the capability to conduct military strikes anywhere, and that, "he leaves it to the journalists' imagination to interpret his remarks."

Al Ayyam and Al Hayat Al Jadida front page an AFP report quoting PLO Chief negotiator Erekat accusing outgoing Israeli Premier Olmert of obstructing the signing of a peace agreement, scheduled for January 2009 in Washington, by, "launching a comprehensive aggression against the Palestinian people in Gaza, making it impossible to hold the meeting."

Al Quds' front page quotes former CIA official, Michael Sheuer, stating that supporters of Israel undermine U.S. policies and work to give Israeli interests priority over U.S. interests. He also stated that current U.S.-Israeli relations undermine U.S. national security and called on the U.S. to leave Israel to handle its own

affairs without U.S. support.

All front pages cite Reuters in reporting that Israeli Premier designate Netanyahu told journalists on March 26 that he does not expect the U.S. to pressure his government on his strategy for the peace process in the Middle East.

Al Ayyam and Al Hayat Al Jadida's front pages run an AFP story reporting on the Israeli military's acknowledgment of white phosphorus being used in recent operations in Gaza, but refuting that the weapon's use constitutes a war crime. The report runs alongside a photo of a Gazan woman showing her arm with scars of white phosphorus burns.

Al Ayyam's front page runs a DPA story about Israel's successful test of its "Steel Dome" anti-missile system, designed to intercept missiles from the Gaza Strip. Reporting notes that the 210 million Euro system can intercept missiles with a range of 70 km.

Al Hayat Al Jadida's front page reports that Islamic Jihad in Gaza has confirmed that Hamas arrested one of its militants who battled with Israeli soldiers on March 26.-----

BLOCK QUOTES:

1) Al Quds' editorial is titled, "The incoming Israeli Government faces the world"(03/27): "The dangers of the appointments of Lieberman and other extremists to the Netanyahu hawk government are clear to the international community, particularly to President Barack Obama's administration. The [March 25] statements by Obama were an indication to his unease, felt by the whole world... that peace will not be easier under the new Israeli government."

JERUSALEM 00000563 002 OF 002

2) Mohamad Yaghi opines in Al Ayyam under the title, "Western contact with Hamas"(03/27): "Breaking the political siege [isolation] on Hamas would require Hamas to step forward and recognize the two-state solution... The West can understand that Hamas does not recognize Israel, since no borders have been defined... but the West cannot accept Hamas' rejection of the two-state principle as the basis for solving the conflict... The West did not argue against the legitimacy of Palestinian legislative elections and did not reject Hamas' victory in those elections, rather the West rejected Hamas' vision for solving the conflict with Israel."

WALLES